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UNCLAS SECTION 01 OF 03 QUITO 001005

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E.O. 12958: N/A

TAGS: [ELAB](#) [PGOV](#) [EC](#)

SUBJECT: MAY LABOR UPDATE

REF: QUITO 634

[1](#)1. Summary: Following are recent labor-related developments of interest:

- Unions Make Demands to New Government (para. 2)
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Unions Make Demands to New Government

[1](#)2. (U) During their march to celebrate International Workers Day on May 1, workers asked President Alfredo Palacio's new government to call for a referendum on the free trade agreement, name a pro-labor Minister of Labor, repeal the decree on hourly work, and review the decree on subcontracting (both decrees were signed by former President Gutierrez). Unions are asking for two specific changes to the subcontracting decree: the lowering of the maximum percentage of workers that can be subcontracted (currently 75%) and a clause stating subcontracting can only be used for temporary jobs.

[1](#)3. (U) There were approximately 3,000 workers who marched in Quito on May 1, however, only about 500 gathered to hear speeches by union leaders. In his remarks, Jaime Arciniegas, head of the largest union confederation CEOSL, said the Ministry of Labor needed structural reform. Mesias Tatamuez, head of the group of union confederations FUT, asked for a referendum on the free trade agreement and for the ending of the agreement which allows USG use of Ecuador's Manta air force base. In the city of Ambato, over 2,500 workers marched asking President Palacio to review the free trade agreement. In Guayaquil, 12 workers associations marched. There were 3,000 marching in Cuenca, who also used the opportunity to criticize Congress. Labor unions (approximately 200 people) also marched in Quito on April 5 to protest the March 18 hourly work decree.

New Minister of Labor Still Not Named

[1](#)4. (SBU) As of May 3, President Palacio had yet to name a Minister of Labor. An Embassy source told LabOff that unions had proposed two candidates: Galo Chiriboga, President of the National Association of American Jurists, and Julio Cesar Trujillo, a law professor at Quito's Catholic and Central universities. Business groups had proposed Fabian Corral, a law professor at Quito's San Francisco University. Roberto Gomez, a former Minister of Labor under President Borja, is reportedly the Palacio government's preferred candidate, however, some think he is too close to the Democratic Left party. Palacio has said none of his Ministers will be affiliated with any particular political party.

Presidential Decree to Remove Bureaucrats

[1](#)5. (U) In one of his first official acts, President Palacio signed a decree calling for the dismissal of all contractual public servants hired since 2003. The decree would remove 8,727 bureaucrats from their posts, some of them political appointees.

New Unions Registering Independently

[1](#)6. (U) Of the 51 new labor unions registered in 2003, only 11 were affiliated with CEOSL, the largest union confederation in Ecuador, nine affiliated with other union confederations, and 31 registered independently. According to the Ecuadorian Statistics and Census Institute, in 2003, 60.2% of all workers were employed in companies with one to

five employees, effectively denying them the right to unionize, which requires 30 workers in any one enterprise. Guillermo Touma, acting president of CEOSL, told press on May 2 that allowing industry-wide unions would strengthen the labor movement in Ecuador.

Judicial and Medical Workers End Strikes

17. (U) Judicial workers ended their 35-day strike on April 18 after the pro-Gutierrez Supreme Court was removed. Regular judicial activities resumed on April 19. All 4500 judicial workers nationwide agreed to work an extra hour daily without remuneration to address the backlog.

18. (U) Striking medical workers resumed work on April 26. The workers have given the government 15 days to respond to their demands of payment for work in excess of the regular work day and salary raises based on education levels.

Occupational Health and Safety Problems Underreported

19. (U) The ILO estimates that there are 158,760 work accidents and 18,900 cases of work-related illness a year in Ecuador; few of these accidents are registered. In 2004, 3,486 work accidents were reported to the Ecuadorian Social Security Institute (IESS), and 86 reported at the Ministry of Labor. Only 86 work-related illnesses were reported in 2004. Only a fifth of the population that should be registered to receive benefits from the IESS is in fact registered, according to Miriam Pozo of the Work Health and Safety Division of the Ministry of Labor. The Ministry of Labor estimates that 2,751 workers die from work-related causes in Ecuador each year. The primary cause of work-related deaths was cancer (32%), followed by circulatory illnesses (19%).

Flower Social Forum Created

10. (U) The Flower Social Forum, which will seek to combat child labor in the flower sector, was created via ministerial decree on March 10. The Forum will include representatives from the Ministries of Labor and Agriculture, the National Institute for the Child and Family, flower companies, ILO, and UNICEF. The Forum has met informally and will have an official launch ceremony in May

Economic Reform Struck Down in Congress

11. (U) The previous government's economic reform package was unanimously rejected by Congress on April 7. Among the law's proposals was the lowering of profit-sharing from 15 to 5% of company profits which are given to workers and their families.

Union Blacklisting on Banana Plantations

12. (SBU) According to Guillermo Touma, president of the FENACLE banana workers union, on February 6, workers at the Josefa banana plantation in Los Rios province organized a committee for the purpose of establishing a union. They later submitted articles of incorporation and a petition of complaints to the company. According to Touma, after the workers did this, one of the plantations administrator's Silvana Carrion Salazar, sent letters to several other local plantations informing them of the workers' attempt to organize a union and listing their names. Touma provided LabOff with copies of Carrion's letter in which she stated that she believed it necessary to share this information so that these workers would not be able to "harm other employers." Hiring discrimination against workers for union activity is not illegal in Ecuador.

Highest Rate of Labor Conflicts in Guayas

13. (U) Not surprisingly, Guayas province, home of Ecuador's largest city, Guayaquil, had the most labor conflicts registered in recent years. According to Ministry of Labor data, between 1994 and 2003, Guayas had 336 cases of labor disputes, compared with 217 in Pichincha (home to Quito) and 50 in Manabi provinces during the same period. 60% of Ecuador's industrial sector is located in Guayas.

Former FM Reveals Mother Hired Underpaid Colombians

14. (SBU) Reflecting the Ecuadorian elites disregard for minimum wage laws, Spanish newspaper "El Pais" reported that former Foreign Minister Patricio Zuquilanda revealed in public comments that his mother employed Colombian servants on her farm, to whom she paid \$70 a month (significantly below the \$150 minimum wage). MFA sources ridiculed

Zuquilanda for this gaffe, which they believed could only be intended to aggrandize the status of Zuquilanda's family farm to plantation status. A study conducted by "El Pais" found that approximately 500,000 Colombians are now working in Ecuador.

KENNEY